SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2005

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________.

Commission file number 1-8729

UNISYS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	38-0387840
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Unisys Way Blue Bell, Pennsylvania	19424
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (215) 986-4011

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES [X] NO [ ]

Number of shares of Common Stock outstanding as of June 30, 2005 340,550,107.

Part I - FINANCIAL INFORMATION
Item 1. Financial Statements.

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Millions)

	June 30, 2005 (Unaudited)	December 31, 2004
Assets		
Current assets		
Cash and cash equivalents	$ 398.9	$ 660.5
Accounts and notes receivable, net	1,073.1	1,136.8
Inventories:		
Parts and finished equipment	87.6	93.7
Work in process and materials	118.1	122.4
Deferred income taxes	292.4	291.8
Prepaid expenses and other current assets	153.9	112.4
Total	2,124.0	2,417.6
Properties	1,331.7	1,305.5
Less-Accumulated depreciation and amortization	922.8	881.4

Properties, net	408.9	424.1
Outsourcing assets, net	432.2	431.9
Marketable software, net	337.1	336.8
Investments at equity	213.9	197.1
Prepaid pension cost	45.3	52.5
Deferred income taxes	1,394.6	1,394.6
Goodwill	188.8	189.9
Other long-term assets	160.2	176.4
Total	$5,305.0	$5,620.9
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	$ 1.4	$ 1.0
Current maturities of long-term debt	400.5	151.7
Accounts payable	431.6	487.4
Other accrued liabilities	1,189.1	1,382.7
Total	2,022.6	2,022.8
Long-term debt	499.4	898.4
Accrued pension liabilities	610.6	537.9
Other long-term liabilities	694.2	655.3
Stockholders' equity		
Common stock, shares issued: 2005, 342.5; 2004, 339.4	3.4	3.4
Accumulated deficit	(448.8)	(376.2)
Other capital	3,907.0	3,883.8
Accumulated other comprehensive loss	(1,983.4)	(2,004.5)
Stockholders' equity	1,478.2	1,506.5
Total	$5,305.0	$5,620.9

See notes to consolidated financial statements.

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(Millions, except per share data)

	Three Months Ended June 30 2005	Three Months Ended June 30 2004	Six Months Ended June 30 2005	Six Months Ended June 30 2004
Revenue				
Services	$1,236.0	$1,158.8	$2,343.7	$2,323.8
Technology	199.5	229.3	458.4	527.2
	1,435.5	1,388.1	2,802.1	2,851.0
Costs and expenses				
Cost of revenue:				
Services	1,063.4	930.2	2,044.8	1,855.9
Technology	94.7	90.8	219.6	236.5
	1,158.1	1,021.0	2,264.4	2,092.4
Selling, general and administrative	267.4	272.9	529.0	534.1
Research and development	66.6	71.3	131.5	142.8
	1,492.1	1,365.2	2,924.9	2,769.3
Operating income (loss)	(56.6)	22.9	(122.8)	81.7
Interest expense	15.2	18.2	27.8	35.2
Other income (expense), net	32.0	24.0	32.5	24.6
Income (loss) before income taxes	(39.8)	28.7	(118.1)	71.1
Provision (benefit) for income taxes	(12.7)	9.3	(45.5)	22.8
Net income (loss)	$ (27.1)	$ 19.4	$ (72.6)	$ 48.3
Earnings (loss) per share				
Basic	$ (.08)	$ .06	$ (.21)	$ .14
Diluted	$ (.08)	$ .06	$ (.21)	$ .14

See notes to consolidated financial statements.

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Millions)

	Six Months Ended June 30	
	2005	2004
Cash flows from operating activities		
Net income (loss)	$ (72.6)	$ 48.3
Add (deduct) items to reconcile net income (loss) to net cash provided by operating activities:		
Equity income	(11.6)	(14.3)
Depreciation and amortization of properties	61.8	68.9
Depreciation and amortization of outsourcing assets	65.6	59.0
Amortization of marketable software	59.2	62.9
Increase in deferred income taxes, net	(.6)	(2.4)
Decrease in receivables, net	73.6	185.3
Decrease in inventories	10.4	6.4
Decrease in accounts payable and other accrued liabilities	(249.3)	(194.1)
Increase in other liabilities	122.6	3.5
Increase in other assets	(24.8)	(7.8)
Other	56.4	21.6
Net cash provided by operating activities	90.7	237.3
Cash flows from investing activities		
Proceeds from investments	3,709.4	2,878.8
Purchases of investments	(3,698.8)	(2,879.0)
Investment in marketable software	(63.3)	(60.5)
Capital additions of properties	(59.4)	(74.5)
Capital additions of outsourcing assets	(86.3)	(92.3)
Purchases of businesses	(.5)	(12.6)
Net cash used for investing activities	(198.9)	(240.1)
Cash flows from financing activities		
Net proceeds from (reduction in) short-term borrowings	.5	(10.6)
Proceeds from employee stock plans	12.8	24.0
Payments of long-term debt	(150.7)	(1.7)
Net cash (used for) provided by financing activities	(137.4)	11.7
Effect of exchange rate changes on cash and cash equivalents	(16.0)	(1.4)
(Decrease) increase in cash and cash equivalents	(261.6)	7.5
Cash and cash equivalents, beginning of period	660.5	635.9
Cash and cash equivalents, end of period	$398.9	$ 643.4

See notes to consolidated financial statements.

Unisys Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

In the opinion of management, the financial information furnished herein reflects all adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods specified. These adjustments consist only of normal recurring accruals except as disclosed herein. Because of seasonal and other factors, results for interim periods are not necessarily indicative of the results to be expected for the full year.

a. The following table shows how earnings (loss) per share were computed for the three and six months ended June 30, 2005 and 2004 (dollars in millions, shares in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Basic Earnings (Loss) per Share				
Net income (loss)	$ (27.1)	$ 19.4	$ (72.6)	$ 48.3
Weighted average shares	340,047	334,411	339,147	333,567
Basic earnings (loss) per share	$(.08)	$ .06	$(.21)	$ .14
Diluted Earnings (loss) per Share				
Net income (loss)	$ (27.1)	$ 19.4	$ (72.6)	48.3
Weighted average shares	340,047	334,411	339,147	333,567
Plus incremental shares from assumed conversions of employee stock plans	-	4,356	-	4,840
Adjusted weighted average shares	340,047	338,767	339,147	338,407
Diluted earnings (loss) per share	$ (.08)	$ .06	$ (.21)	$ .14

At June 30, 2005, no shares related to employee stock plans were included in the computation of diluted earnings per share since inclusion of these shares would be antidilutive because of the net loss incurred in the three and six months ended June 30, 2005.

b. The company has two business segments: Services and Technology. Revenue classifications by segment are as follows: Services - consulting and systems integration, outsourcing, infrastructure services and core maintenance; Technology - enterprise-class servers and specialized technologies.

The accounting policies of each business segment are the same as those followed by the company as a whole. Intersegment sales and transfers are priced as if the sales or transfers were to third parties. Accordingly, the Technology segment recognizes intersegment revenue and manufacturing profit on hardware and software shipments to customers under Services contracts. The Services segment, in turn, recognizes customer revenue and marketing profits on such shipments of company hardware and software to customers. The Services segment also includes the sale of hardware and software products sourced from third parties that are sold to customers through the company's Services channels. In the company's consolidated statements of income, the manufacturing costs of products sourced from the Technology segment and sold to Services customers are reported in cost of revenue for Services.

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services engagements. The amount of such profit included in operating income of the Technology segment for the three and six months ended June 30, 2005 and 2004 was $4.8 million and $1.3 million and $9.7 million and $2.6 million, respectively. The profit on these transactions is eliminated in Corporate.

The company evaluates business segment performance on operating income exclusive of restructuring charges and unusual and nonrecurring items, which are included in Corporate. All other corporate and centrally incurred costs are allocated to the business segments based principally on revenue, employees, square footage or usage.

A summary of the company's operations by business segment for the three and six month periods ended June 30, 2005 and 2004 is presented below (in millions of dollars):

	Total	Corporate	Services	Technology
Three Months Ended June 30, 2005				
Customer revenue	$1,435.5		$1,236.0	$ 199.5
Intersegment		$ (75.7)	4.9	70.8
Total revenue	$1,435.5	$ (75.7)	$1,240.9	$ 270.3
Operating loss	$ (56.6)	$ 2.7	$ (46.4)	$ (12.9)
Three Months Ended June 30, 2004				
Customer revenue	$1,388.1		$1,158.8	$ 229.3
Intersegment		$(57.3)	4.5	52.8
Total revenue	$1,388.1	$(57.3)	$1,163.3	$ 282.1
Operating income	$ 22.9	$ (.4)	$ 8.2	$ 15.1
Six Months Ended June 30, 2005				
Customer revenue	$2,802.1		$2,343.7	$ 458.4
Intersegment		$(135.6)	9.7	125.9
Total revenue	$2,802.1	$(135.6)	$2,353.4	$ 584.3
Operating loss	$ (122.8)	$ (7.7)	$ (121.5)	$ 6.4
Six Months Ended June 30, 2004				
Customer revenue	$2,851.0		$2,323.8	$ 527.2
Intersegment		$(103.0)	9.3	93.7
Total revenue	$2,851.0	$(103.0)	$2,333.1	$ 620.9

Operating income	$ 81.7	$ -	$ 37.4	$ 44.3
	========	========	========	=======

Presented below is a reconciliation of total business segment operating income (loss) to consolidated income (loss) before income taxes (in millions of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Total segment operating income (loss)	$ (59.3)	$ 23.3	$(115.1)	$ 81.7
Interest expense	(15.2)	(18.2)	(27.8)	(35.2)
Other income (expense), net	32.0	24.0	32.5	24.6
Corporate and eliminations	2.7	(.4)	(7.7)	-
Total income (loss) before income taxes	$ (39.8)	$ 28.7	$(118.1)	$ 71.1

Customer revenue by classes of similar products or services, by segment, is presented below (in millions of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Services				
Consulting and systems integration	$ 443.5	$ 413.9	$ 813.3	$ 791.0
Outsourcing	472.9	419.4	893.6	862.4
Infrastructure services	191.8	180.0	378.0	379.5
Core maintenance	127.8	145.5	258.8	290.9
	1,236.0	1,158.8	2,343.7	2,323.8
Technology				
Enterprise-class servers	165.7	185.5	363.9	387.3
Specialized technologies	33.8	43.8	94.5	139.9
	199.5	229.3	458.4	527.2
Total	$1,435.5	$1,388.1	$2,802.1	$2,851.0

c. Outsourcing assets include fixed assets acquired in connection with outsourcing contracts, capitalized software used in outsourcing arrangements, and costs incurred upon initiation of an outsourcing contract that have been deferred, which consist principally of initial customer setup and employment obligations related to employees assumed. Recoverability of outsourcing assets is dependent on various factors, including the timely completion and ultimate cost of the outsourcing solution, realization of expected profitability of existing outsourcing contracts and obtaining additional outsourcing customers. The company quarterly compares the carrying value of the outsourcing assets with the undiscounted future cash flows expected to be generated by the outsourcing assets to determine if there is an impairment. If impaired, the outsourcing assets are reduced to an estimated fair value on a discounted cash flow approach. The company prepares its cash flow estimates based on assumptions that it believes to be reasonable but are also inherently uncertain. Actual future cash flows could differ from these estimates.

At June 30, 2005, total outsourcing assets, net were $432.2 million, approximately $235.3 million of which relate to iPSL, a 51% owned U.K.-based company which generates annual revenue of approximately $200 million. As a result of incurred losses, the company began discussions during the second quarter of 2005 with the minority shareholders to address alternative proposed revisions to the existing iPSL corporate structure and services agreements. These alternative proposed revisions could include the sale of the company's ownership interest in iPSL and changes to the current outsourcing services agreements. Recoverability of recorded iPSL outsourcing assets depends on the successful completion of one or a combination of the alternatives. While the company believes that these discussions and any resulting amended contractual agreements will provide sufficient future cash flows that will result in the recovery of all iPSL outsourcing assets, the final outcome of these negotiations could differ from current expectations, which may impact the recoverability of the iPSL outsourcing assets, and may result in a write down of those assets.

d. Comprehensive income (loss) for the three and six months ended June 30, 2005 and 2004 includes the following components (in millions of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net income (loss)	$(27.1)	$ 19.4	$(72.6)	$ 48.3
Other comprehensive income (loss)				
Cash flow hedges				
Income, net of tax of $1.4, $1.4, $2.7 and $.4	2.6	2.5	4.9	.9
Reclassification adjustments, net of tax of $(1.3), $(.1), $(.6) and $1.6	(2.4)	(.2)	(1.0)	2.9
Foreign currency translation adjustments	1.4	(13.2)	17.2	7.0
Total other comprehensive income (loss)	1.6	(10.9)	21.1	10.8
Comprehensive income (loss)	$(25.5)	$ 8.5	$ (51.5)	$ 59.1

Accumulated other comprehensive income (loss) as of December 31, 2004 and June 30, 2005 is as follows (in millions of dollars):

	Total	Translation Adjustments	Cash Flow Hedges	Minimum Pension Liability
Balance at December 31, 2003	$(2,011.9)	$(679.7)	$(6.6)	$(1,325.6)
Change during period	7.4	43.5	3.1	(39.2)
Balance at December 31, 2004	(2,004.5)	(636.2)	(3.5)	(1,364.8)
Change during period	21.1	17.2	3.9	-
Balance at June 30, 2005	$(1,983.4)	$(619.0)	$ .4	$(1,364.8)

e. The amount credited to stockholders' equity for the income tax benefit related to the company's stock plans for the six months ended June 30, 2005 and 2004 was $.8 million and $2.9 million, respectively. The company expects to realize these tax benefits on future Federal income tax returns.

f. For equipment manufactured by the company, the company warrants that it will substantially conform to relevant published specifications for 12 months after shipment to the customer. The company will repair or replace, at its option and expense, items of equipment that do not meet this warranty. For company software, the company warrants that it will conform substantially to then-current published functional specifications for 90 days from customer's receipt. The company will provide a workaround or correction for material errors in its software that prevents its use in a production environment.

The company estimates the costs that may be incurred under its warranties and records a liability in the amount of such costs at the time revenue is recognized. Factors that affect the company's warranty liability include the number of units sold, historical and anticipated rates of warranty claims and cost per claim. The company quarterly assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary. Presented below is a reconciliation of the aggregate product warranty liability (in millions of dollars):

	Three Months Ended June 30, 2005	Three Months Ended June 30, 2004	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
Balance at beginning of period	$ 11.0	$ 17.9	$ 11.6	$ 20.8
Accruals for warranties issued during the period	1.9	2.1	4.3	7.1
Settlements made during the period	(2.6)	(4.2)	(5.5)	(8.9)
Changes in liability for pre-existing warranties during the period, including expirations	(.9)	(.8)	(1.0)	(4.0)
Balance at June 30	$ 9.4	$ 15.0	$ 9.4	$ 15.0

g. The company applies the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock-based employee compensation plans. For stock options, no compensation expense is reflected in net income as all stock options granted had an exercise price equal to or greater than the market value of the underlying common stock on the date of grant. In addition, no compensation expense was recognized for common stock purchases under the Employee Stock Purchase Plan. Pro forma information regarding net income and earnings per share is required by Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," and has been determined as if the company had accounted for its stock plans under the fair value method of SFAS No.123. For purposes of the pro forma disclosures, the estimated fair value of the options are amortized to expense over the options' vesting period.

The company's stock option grants include a provision that if termination of employment occurs after the participant has attained age 55 and completed five years of service with the company, the participant shall continue to vest in each of his or her stock options in accordance with the vesting schedule set forth in the applicable stock option award agreement. For purposes of the pro forma information required to be disclosed by SFAS No. 123, the company has recognized compensation cost over the vesting period. Under SFAS No. 123R, which the company currently expects to adopt on January 1, 2006 (see note k), compensation cost must be recognized over the period through the date that the employee first becomes eligible to retire and is no longer required to provide service to earn the award. For awards granted prior to adoption of SFAS 123R, compensation expense continues to be recognized under the prior attribution method; compensation cost for awards granted after the adoption of SFAS No. 123R will be recognized over the period to the date the employee first becomes eligible for retirement. The company is currently in the process of computing the impact on recognized compensation cost in its pro forma disclosures had it applied the provisions of SFAS No. 123R. The company does not expect that this amount will be material.

The following table illustrates the effect on net income and earnings per share if the company had applied the fair value recognition provisions of SFAS No. 123 (in millions of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net income (loss)	$(27.1)	$ 19.4	$(72.6)	$ 48.3
Deduct total stock-based employee compensation expense determined under fair value method for all awards, net of tax	(5.4)	(7.7)	(11.1)	(17.7)
Pro forma net income (loss)	$(32.5)	$ 11.7	$(83.7)	$ 30.6
Earnings (loss) per shares				
Basic - as reported	$(.08)	$ .06	$(.21)	$ .14
Basic - pro forma	$(.10)	$ .03	$(.25)	$ .09
Diluted - as reported	$(.08)	$ .06	$(.21)	$ .14
Diluted - pro forma	$(.10)	$ .03	$(.25)	$ .09

h. Net periodic pension expense for the three and six months ended June 30, 2005 and 2004 is presented below (in millions of dollars):

	Three Months Ended June 30, 2005			Three Months Ended June 30, 2004		
	Total	U.S. Plans	Int'l. Plans	Total	U.S. Plans	Int'l. Plans
Service cost	$ 28.1	$15.6	$ 12.5	$ 28.6	$ 16.5	$ 12.1
Interest cost	93.0	66.2	26.8	90.7	66.7	24.0
Expected return on plan assets	(119.8)	(90.2)	(29.6)	(123.3)	(94.7)	(28.6)
Amortization of prior service (benefit) cost	(1.7)	(1.9)	.2	(1.6)	(1.9)	.3
Recognized net actuarial loss	46.2	36.0	10.2	30.4	24.3	6.1
Net periodic pension expense	$ 45.8	$25.7	$ 20.1	$ 24.8	$ 10.9	$ 13.9

	Six Months Ended June 30, 2005			Six Months Ended June 30, 2004		
	Total	U.S. Plans	Int'l. Plans	Total	U.S. Plans	Int'l. Plans
Service cost	$ 59.8	$ 34.7	$ 25.1	$ 57.9	$ 33.6	$ 24.3
Interest cost	186.1	131.5	54.6	180.2	132.3	47.9
Expected return on plan assets	(240.8)	(180.5)	(60.3)	(246.8)	(189.5)	(57.3)
Amortization of prior service (benefit) cost	(3.0)	(3.8)	.8	(3.0)	(3.8)	.8
Recognized net actuarial loss	90.5	70.1	20.4	58.7	46.5	12.2
Net periodic pension expense	$ 92.6	$ 52.0	$ 40.6	$ 47.0	$ 19.1	$ 27.9

The company currently expects to make cash contributions of approximately $70 million to its worldwide defined benefit pension plans in 2005 compared with $62.8 million in 2004. For the six months ended June 30, 2005 and 2004, $30.1 million and $27.5 million, respectively of cash contributions have been made. In accordance with regulations governing contributions to U.S. defined benefit pension plans, the company is not required to fund its U.S. qualified defined benefit pension plan in 2005.

Net periodic postretirement benefit expense for the three and six months ended June 30, 2005 and 2004 is presented below (in millions of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Interest cost	$ 3.4	$ 3.5	$ 6.9	$ 7.0
Expected return on plan assets	(.1)	-	(.2)	-
Amortization of prior service benefit	(.5)	(.5)	(1.0)	(1.0)
Recognized net actuarial loss	1.6	1.0	3.2	2.0
Net periodic postretirement benefit expense	$4.4	$ 4.0	$ 8.9	$ 8.0

The company expects to make cash contributions of approximately $27 million to its postretirement benefit plan in 2005. For the six months ended June 30, 2005 and 2004, $12.4 million and $14.0 million, respectively of cash contributions have been made.

i. Cash paid during the six months ended June 30, 2005 and 2004 for income taxes was $24.5 million and $35.7 million, respectively.

Cash paid during the six months ended June 30, 2005 and 2004 for interest was $41.7 million and $42.7 million, respectively.

j. Following is a breakdown of the individual components of the 2004 cost reduction action charge (in millions of dollars):

			Work Force Reductions*		
	Headcount	Total	U.S.	Int'l.	Idle Lease Cost
Balance at Dec. 31, 2004	851	$81.1	$22.5	$52.9	$5.7
Utilized	(645)	(30.2)	(13.4)	(15.1)	(1.7)
Changes in estimates and revisions		(7.6)	(1.6)	(6.7)	.7
Translation adjustments		(3.2)		(3.2)	
Balance at June 30, 2005	206	$40.1	$7.5	$27.9	$4.7
Expected future utilization:					
2005 remaining six months	206	$25.8	$7.5	$16.6	$1.7
2006 and thereafter		14.3		11.3	3.0

* Includes severance, notice pay, medical and other benefits.

Cash expenditures related to the above actions, as well as cost reduction actions taken in years prior to 2004, for the six months ended June 30, 2005 and 2004 were approximately $33.6 million and $7.0 million, respectively.

k. In May 2005, the Financial Accounting Standards Board (FASB) issued statement of Financial Accounting Standards (SFAS) No. 154, "Accounting Changes and Error Corrections" (SFAS No. 154). SFAS No. 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. It establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to the newly adopted accounting principle. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The company does not expect that adoption of SFAS No. 154 will have a material effect on its consolidated financial position, consolidated results of operations, or liquidity.

In December 2004, the FASB issued FASB Staff Position No. FAS 109-2 (FSP No. 109-2), "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provisions within the American Jobs Creation Act of 2004" (the Jobs Act). FSP No. 109-2 provides guidance with respect to reporting the potential impact of the repatriation provisions of the

Jobs Act on an enterprise's income tax expense and deferred tax liability. The Jobs Act was enacted on October 22, 2004, and provides for a temporary 85% dividends received deduction on certain foreign earnings repatriated during a one-year period. The deduction would result in an approximate 5.25% federal tax rate on the repatriated earnings. To qualify for the deduction, the earnings must be reinvested in the United States pursuant to a domestic reinvestment plan established by a company's chief executive officer and approved by a company's board of directors. Certain other criteria in the Jobs Act must be satisfied as well. FSP No. 109-2 states that an enterprise is allowed time beyond the financial reporting period to evaluate the effect of the Jobs Act on its plan for reinvestment or repatriation of foreign earnings. The company does not expect that these provisions will have a material impact on its consolidated financial position, consolidated results of operations, or liquidity. Accordingly, the company has not adjusted its tax expense or deferred tax liability to reflect the repatriation provisions of the Jobs Act.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" (SFAS No. 123R), which replaces SFAS No. 123 and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. The pro forma disclosures previously permitted under SFAS No. 123 will no longer be an alternative to financial statement recognition. In accordance with a recently-issued Securities and Exchange Commission rule, companies will be allowed to implement SFAS No. 123R as of the beginning of the first interim or annual period that begins after June 15, 2005. The company currently expects that it will adopt SFAS No. 123R on January 1, 2006. Under SFAS No. 123R, the company must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost and the transition method to be used at date of adoption. The permitted transition methods include either retrospective or prospective adoption. Under the retrospective method, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The prospective method requires that compensation expense be recorded for all unvested stock options at the beginning of the first quarter of adoption of SFAS No. 123R, while the retrospective methods would record compensation expense for all unvested stock options beginning with the first period presented. The company is currently evaluating the requirements of SFAS No. 123R and expects that adoption of SFAS No. 123R may have a material impact on the company's consolidated financial position and consolidated results of operations. The company has not yet determined the method of adoption or the effect of adopting SFAS No. 123R, and it has not determined whether the adoption will result in amounts that are similar to the current pro forma disclosures under SFAS No. 123. See note g.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions" (SFAS No. 153). SFAS No. 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21 (b) of APB Opinion No. 29, "Accounting for Nonmonetary Transactions," and replaces it with an exception for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for periods beginning after June 15, 2005. The company does not expect that adoption of SFAS No. 153 will have a material effect on its consolidated financial position, consolidated results of operations, or liquidity.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs an amendment of ARB No. 43, Chapter 4" (SFAS No. 151). SFAS No. 151 amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, handling costs and wasted material (spoilage). Among other provisions, the new rule requires that such items be recognized as current-period charges, regardless of whether they meet the criterion of "so abnormal" as stated in ARB No. 43. SFAS No. 151 is effective for fiscal years beginning after June 15, 2005. The company does not expect that adoption of SFAS No. 151 will have a material effect on its consolidated financial position, consolidated results of operations, or liquidity.

In May 2004, the FASB issued Staff Position No. FAS 106-2 (FSP No. 106-2), "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" (the Act). The Act introduces a prescription drug benefit under Medicare, as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. FSP No. 106-2 is effective for the first interim period beginning after June 15, 2004, and provides that an employer shall measure the accumulated plan benefit obligation (APBO) and net periodic postretirement benefit cost, taking into account any subsidy received under the Act. As of June 30, 2005, the company's measurements of both the APBO and the net Postretirement benefit cost do not reflect any amounts associated with the subsidy. Final regulations implementing the Act were issued on January 21, 2005. The final regulations clarify how a company should determine actuarial equivalency and the definition of a plan for purposes of determining actuarial equivalency. The company is currently evaluating these regulations and has not yet determined what effect adoption of FSP No. 106-2 will have on its consolidated financial position, consolidated results of operations, or liquidity.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

The company's financial results for the second quarter of 2005 were impacted by a number of factors that resulted in lower earnings compared with the year-ago period. First, the company continued to be impacted by operational issues in several of its large, transformational business process outsourcing engagements. These contracts involve transitioning from the client's legacy environment to a new, state-of-the-art environment with new processes and software. It has taken the company longer than anticipated to develop the new software and transition to the new processes. This has resulted in higher-than-expected costs on the contracts, not only in terms of creating the new technology and processes, but also in the operational costs involved in the legacy operation. The company is addressing these execution issues as well as discussing renegotiations of the contracts, but expects the issues to continue to negatively impact its 2005 results. Second, in the Technology segment, revenues declined 13% primarily driven by an 11% decline in sales of large enterprise servers. Lower sales of these systems, which are highly profitable, contributed to the lower earnings in the quarter. Finally, the company continues to be impacted by significantly higher pension expense. Pretax pension expense in the second quarter of 2005 increased to $45.8 million compared with $24.8 million in the year-ago quarter. The company expects the challenges in the outsourcing engagements and the higher pension expense to continue to negatively impact its financial results in 2005.

Results of Operations

For the three months ended June 30, 2005, the company reported a net loss of $27.1 million, or $.08 per share, compared with net income of $19.4 million, or $.06 per share, for the three months ended June 30, 2004.

Total revenue for the quarter ended June 30, 2005 was $1.44 billion, up 3% from revenue of $1.39 billion for the quarter ended June 30, 2004. Foreign currency translations had a 3% positive impact on revenue in the quarter when compared with the year-ago period. In the current quarter, Services revenue increased 7% and Technology revenue decreased 13%.

U.S. revenue increased 6% in the second quarter compared with the year-ago period driven by growth in the Federal business, and revenue in international markets grew 1% as increases in Pacific/Asia and Latin America were partially offset by decreases in Europe and Japan. On a constant currency basis, international revenue declined 4% in the three months ended June 30, 2005.

Pension expense for the three months ended June 30, 2005 was $45.8 million compared with $24.8 million of pension expense for the three months ended June 30, 2004. The increase in pension expense was due to the following: (a) a decline in the discount rate used for the U.S. pension plan to 5.88% at December 31, 2004 from 6.25% at December 31, 2003, (b) an increase in amortization of net unrecognized losses for the U.S. plan, and (c) for international plans, declines in discount rates and currency translation. The company records pension expense, as well as other employee-related costs such as payroll taxes and medical insurance costs, in operating income in the following income statement categories: cost of sales; selling, general and administrative expenses; and research and development expenses. The amount allocated to each category is based on where the salaries of the active employees are charged. The company currently expects to report pension expense of approximately $182.0 million in 2005 compared with pension expense of $93.6 million in 2004.

Total gross profit margin was 19.3% in the second quarter of 2005 compared with 26.4% in the year-ago period. The change principally reflects higher pension expense of $32.0 million in the current quarter compared with pension expense of $17.8 million in the year-ago quarter, operational issues in several outsourcing contracts and lower sales of high-margin enterprise servers.

For the three months ended June 30, 2005, selling, general and administrative expenses were $267.4 million (18.6% of revenue) compared with $272.9 million (19.7% of revenue) for the three months ended June 30, 2004. The three months ended June 30, 2005 includes $8.9 million of pension expense compared with $4.8 million in the year-ago period. Excluding the effects of higher pension expense, selling, general and administrative expenses declined due to the company's continuing efforts to control and reduce costs.

Research and development (R&D) expense was $66.6 million compared with $71.3 million a year ago. The company continues to invest in high-end Cellular MultiProcessing server technology and in key programs within its industry practices. R&D in the current period includes $4.9 million of pension expense compared with pension expense of $2.2 million in the year-ago period.

For the second quarter of 2005, the company reported a pretax operating loss of $56.6 million compared with income of $22.9 million a year ago. The change resulted principally from (a) pension expense of $45.8 million in the current quarter compared with pension expense of $24.8 million in the year-ago period, (b) execution issues in several outsourcing contracts, and (c) a decline in sales of large enterprise servers.

Interest expense for the three months ended June 30, 2005 was $15.2 million compared with $18.2 million for the three months ended June 30, 2004. The decrease was principally due to the January 2005 retirement at maturity of all of the company's $150 million 7 1/4% senior notes.

Other income (expense), net was income of $32.0 million in the current quarter compared with income of $24.0 million in the year-ago quarter. The increase in income was principally due to foreign exchange gains of $6.0 million in the current year compared with gains of $1.5 million in the year-ago period as well as equity income of $15.9 million in the current period compared with $9.0 million last year.

Income (loss) before income taxes was a loss of $39.8 million in the second quarter of 2005 compared with income of $28.7 million last year. The provision for income taxes was a benefit of $12.7 million in the current period compared with a provision of $9.3 million in the year-ago period.

For the six months ended June 30, 2005, the company reported a net loss of $72.6 million, or $ .21 per share, compared with net income of $48.3 million, or $.14 per share, for the six months ended June 30, 2004.

Total revenue for the six months ended June 30, 2005 was $2.80 billion, down 2% from revenue of $2.85 billion for the six months ended June 30, 2004. Foreign currency translations had a 3% positive impact on revenue in the six months when compared with the year-ago period. In the current six-month period, Services revenue increased 1% and Technology revenue decreased 13%.

U.S. revenue decreased 2% in the current six-month period compared with the year-ago period and revenue in international markets decreased 2% driven by a decrease in Europe which was partially offset by increases in other international regions. On a constant currency basis, international revenue declined 6% in the six months ended June 30, 2005.

Pension expense for the six months ended June 30, 2005 was $92.6 million compared with $47.0 million of pension expense for the six months ended June 30, 2004.

Total gross profit margin was 19.2% in the six months ended June 30, 2005 compared with 26.6% in the year-ago period. The change principally reflected higher pension expense ($64.8 million in the current period compared with pension expense of $33.3 million in the year-ago period), transformational outsourcing contract issues and lower sales of high-margin enterprise servers.

For the six months ended June 30, 2005, selling, general and administrative expenses were $529.0 million (18.9% of revenue) compared with $534.1 million (18.7% of revenue) for the six months ended June 30, 2004. Selling, general and administrative expense in the current six-month period includes $18.0 million of pension expense compared with pension expense of $9.7 million in the year-ago period.

R&D expense for the six months ended June 30, 2005 was $131.5 million compared with $142.8 million a year ago. R&D in the current period includes $9.8 million of pension expense compared with pension expense of $4.0 million in the year-ago period.

For the six months ended June 30, 2005, the company reported an operating loss of $122.8 million compared with operating income of $81.7 million for the six months ended June 30, 2004. The change principally reflected pension expense of $92.6 million in the current period compared with pension expense of $47.0 million in the year-ago period, transformational outsourcing contract issues and lower technology revenue.

Interest expense for the six months ended June 30, 2005 was $27.8 million compared with $35.2 million for the six months ended June 30, 2004. The decrease was principally due to the debt repayment discussed above.

Other income (expense), net was income of $32.5 million in the current six-month period compared with income of $24.6 million in the year-ago period. The increase in income was principally due to income of $16.6 million in the current period compared with income of $3.5 million a year ago related to minority shareholders' portion of losses of iPSL, a 51% owned subsidiary which is fully consolidated by the company.

Income before income taxes was a loss of $118.1 million in the six months ended June 30, 2005 compared with income of $71.1 million last year. The provision for income taxes was a benefit of $45.5 million in the current period compared with a provision of $22.8 million in the year-ago period. In the current period tax benefit, the company recorded a tax benefit of $7.8 million related to a favorable decision in a foreign tax litigation matter.

Outsourcing assets include fixed assets acquired in connection with outsourcing contracts, capitalized software used in outsourcing arrangements, and costs incurred upon initiation of an outsourcing contract that have been deferred, which consist principally of initial customer setup and employment obligations related to employees assumed. Recoverability of outsourcing assets is dependent on various factors, including the timely completion and ultimate cost of the outsourcing solution, realization of expected profitability of existing outsourcing contracts and obtaining additional outsourcing customers. The company quarterly compares the carrying value of the outsourcing assets with the undiscounted future cash flows expected to be generated by the outsourcing assets to determine if there is an impairment. If impaired, the outsourcing assets are reduced to an estimated fair value on a discounted cash flow approach. The company prepares its cash flow estimates based on assumptions that it believes to be reasonable but are also inherently uncertain. Actual future cash flows could differ from these estimates.

At June 30, 2005, total outsourcing assets, net were $432.2 million, approximately $235.3 million of which relate to iPSL, a 51% owned U.K.-based company which generates annual revenue of approximately $200 million. As a result of incurred losses, the company began discussions during the second quarter of 2005 with the minority shareholders to address alternative proposed revisions to the existing iPSL corporate structure and services agreements. These alternative proposed revisions could include the sale of the company's ownership interest in iPSL and changes to the current outsourcing services agreements. Recoverability of recorded iPSL outsourcing assets depends on the successful completion of one or a combination of the alternatives. While the company believes that these discussions and any resulting amended contractual agreements will provide sufficient future cash flows that will result in the recovery of all iPSL outsourcing assets, the final outcome of these negotiations could differ from current expectations, which may impact the recoverability of the iPSL outsourcing assets, and may result in a write down of those assets.

Segment results

The company has two business segments: Services and Technology. Revenue classifications are as follows: Services - consulting and systems integration, outsourcing, infrastructure services, and core maintenance; Technology - enterprise-class servers and specialized technologies. The accounting policies of each business segment are the same as those followed by the company as a whole. Intersegment sales and transfers are priced as if the sales or transfers were to third parties. Accordingly, the Technology segment recognizes intersegment revenue and manufacturing profit on hardware and software shipments to customers under Services contracts. The Services segment, in turn, recognizes customer revenue and marketing profit on such shipments of company hardware and software to customers. The Services segment also includes the sale of hardware and software products sourced from third parties that are sold to customers through the company's Services channels. In the company's consolidated statements of income, the manufacturing costs of products sourced from the Technology segment and sold to Services customers are reported in cost of revenue for Services.

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services engagements. The amount of such profit included in operating income of the Technology segment for the three and six months ended June 30, 2005 and 2004, was $4.8 million and $1.3 million and $9.7 million and $2.6 million, respectively. The profit on these transactions is eliminated in Corporate.

The company evaluates business segment performance on operating income exclusive of restructuring charges and unusual and nonrecurring items, which are included in Corporate. All other corporate and centrally incurred costs are allocated to the business segments based principally on revenue, employees, square footage or usage.

Information by business segment is presented below (in millions of dollars):

	Total	Eliminations	Services	Technology
Three Months Ended June 30, 2005				
Customer revenue	$1,435.5		$1,236.0	$199.5
Intersegment		$(75.7)	4.9	70.8
Total revenue	$1,435.5	$(75.7)	$1,240.9	$270.3
Gross profit percent	19.3%		12.2%	44.6%
Operating loss percent	(3.9)%		(3.7)%	(4.8)%
Three Months Ended June 30, 2004				
Customer revenue	$1,388.1		$1,158.8	$229.3
Intersegment		$(57.3)	4.5	52.8
Total revenue	$1,388.1	$(57.3)	$1,163.3	$282.1
Gross profit percent	26.4%		18.5%	53.3%
Operating income percent	1.6%		.7%	5.4%

Gross profit percent and operating income percent are as a percent of total revenue.

In the Services segment, customer revenue was $1.24 billion for the three months ended June 30, 2005, up 7% compared with $1.16 billion for the three months ended June 30, 2004. Foreign currency translations had about a 3% positive impact on Services revenue in the quarter when compared with the year-ago period. The increase in Services revenue was due to a 13% increase in outsourcing ($473 million in 2005 compared with $419 million in 2004), a 7% increase in consulting and systems integration ($443 million compared with $414 million in 2004), and a 7% increase in infrastructure services revenue ($192 million in 2005 compared with $180 million in 2004) partially offset by a 12% decrease in core maintenance revenue ($128 million in 2005 compared with $146 million in 2004). Services gross profit was 12.2% for the three months ended June 30, 2005 compared with 18.5% in the year-ago period. Included in gross profit was the impact of pension expense of $31.1 million in the current period compared with pension expense of $17.4 million in the year-ago period. Services operating income (loss) percent was (3.7)% for the three months ended June 30, 2005 compared with .7% last year. Included in operating income (loss) was the impact of pension expense of $38.5 million in the current quarter compared with pension expense of $21.1 million in the year-ago period. In addition, the current year gross profit and operating profit margins were negatively impacted by operational issues in several outsourcing contracts.

In the Technology segment, customer revenue was $200 million for the three months ended June 30, 2005, down 13% compared with $229 million for the three months ended June 30, 2004. Foreign currency translations had about a 3% positive impact on Technology revenue in the quarter when compared with the year-ago period. The decrease in revenue was due to an 11% decline in sales of enterprise-class servers ($166 million in 2005 compared with $185 million in 2004) and a 23% decrease in sales of specialized technology products ($34 million in 2005 compared with $44 million in 2004). Technology gross profit was 44.6% for the three months ended June 30, 2005 compared with 53.3% in the year-ago period, and Technology operating income (loss) percent was (4.8)% for the three months ended June 30, 2005 compared with 5.4% last year. The margin declines primarily reflected a lower proportion of high-end, higher-margin ClearPath products as well as pension expense of $7.3 million in the current period compared with pension expense of $3.7 million in the prior-year period.

New Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 154, "Accounting Changes and Error Corrections" (SFAS No. 154). SFAS No. 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. It establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to the newly adopted accounting principle. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The company does not expect that adoption of SFAS No. 154 will have a material effect on its consolidated financial position, consolidated results of operations, or liquidity.

In December 2004, the FASB issued FASB Staff Position No. FAS 109-2 (FSP No. 109-2), "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provisions within the American Jobs Creation Act of 2004" (the Jobs Act). FSP No. 109-2 provides guidance with respect to reporting the potential impact of the repatriation provisions of the Jobs Act on an enterprise's income tax expense and deferred tax liability. The Jobs Act was enacted on October 22, 2004, and provides for a temporary 85% dividends received deduction on certain foreign earnings repatriated during a one-year period. The deduction would result in an approximate 5.25% federal tax rate on the repatriated earnings. To qualify for the deduction, the earnings must be reinvested in the United States pursuant to a domestic reinvestment plan established by a company's chief executive officer and approved by a company's board of directors. Certain other criteria in the Jobs Act must be satisfied as well. FSP No. 109-2 states that an enterprise is allowed time beyond the financial reporting period to evaluate the effect of the Jobs Act on its plan for reinvestment or repatriation of foreign earnings. The company does not expect that these provisions will have a material impact on its consolidated financial position, consolidated results of operations, or liquidity. Accordingly, the company has not adjusted its tax expense or deferred tax liability to reflect the repatriation provisions of the Jobs Act.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" (SFAS No. 123R), which replaces SFAS No. 123 and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. The pro forma disclosures previously permitted under SFAS No. 123 no longer will be an alternative to financial statement recognition. In accordance with a recently-issued Securities and Exchange Commission rule, companies will be allowed to implement SFAS No. 123R as of the beginning of the first interim or annual period that begins after June 15, 2005. The company currently expects that it will adopt SFAS No. 123R on January 1, 2006. Under SFAS No. 123R, the company must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost and the transition method to be used at date of adoption. The permitted transition methods include either retrospective or prospective adoption. Under the retrospective method, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The prospective method requires that compensation expense be recorded for all unvested stock options at the beginning of the first quarter of adoption of SFAS No. 123R, while the retrospective methods would record compensation expense for all unvested stock options beginning with the first period presented. The company is currently evaluating the requirements of SFAS No. 123R and expects that adoption of SFAS No. 123R may have a material impact on the company's consolidated financial position and consolidated results of operations. The company has not yet determined the method of adoption or the effect of adopting SFAS No. 123R, and it has not determined whether the adoption will result in amounts that are similar to the current pro forma disclosures under SFAS No. 123. See note g.

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Transactions," and replaces it with an exception for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for periods beginning after June 15, 2005. The company does not expect that adoption of SFAS No. 153 will have a material effect on its consolidated financial position, consolidated results of operations, or liquidity.

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Financial Condition

Cash and cash equivalents at June 30, 2005 were $398.9 million compared with $660.5 million at December 31, 2004.

During the six months ended June 30, 2005, cash provided by operations was $90.7 million compared with cash provided by operations of $237.3 million for six months ended June 30, 2004. Operating cash flow decreased principally due to lower earnings. Cash expenditures in the current period related to prior-year restructuring charges (which are included in operating activities) were approximately $33.6 million compared with $7.0 million for the prior-year, and are expected to be approximately $26 million for the remainder of 2005 and $14 million in total for all subsequent years, principally for work-force reductions and idle lease costs. In the second quarter of 2005, the company received an income tax refund of approximately $39 million from the U.S.

Internal Revenue Service (IRS) tax audit settlement in 2004.

Cash used for investing activities for the six months ended June 30, 2005 was $198.9 million compared with $240.1 million during the six months ended June 30, 2004. The decrease in cash used was principally due to net proceeds of investments of $10.6 million in the current quarter compared with net purchases of $.2 million in the prior-year period. In addition, the current period investment in marketable software was $63.3 million compared with $60.5 million in the prior-year. Capital additions of properties were $59.4 million for the six months ended June 30, 2005 compared with $74.5 million in the prior-year period. Capital additions of outsourcing assets were $86.3 million for the six months ended June 30, 2005 compared with $92.3 million in the prior-year period.

Cash used for financing activities during the current period was $137.4 million compared with $11.7 million of net cash provided in the prior year. The current period includes cash expenditures of $150.0 million to retire at maturity all of the company's 7 1/4% senior notes.

At June 30, 2005, total debt was $901.3 million, a decrease of $149.8 million from December 31, 2004, principally due to the January 2005 retirement at maturity of all of the company's $150 million 7 1/4% senior notes.

The company has a $500 million credit agreement that expires in May 2006. As of June 30, 2005, there were no borrowings under this facility, and the entire $500 million was available for borrowings. Borrowings under the agreement bear interest based on the then-current LIBOR or prime rates and the company's credit rating. The credit agreement contains financial and other covenants, including maintenance of certain financial ratios, a minimum level of net worth and limitations on certain types of transactions, which could reduce the amount the company is able to borrow. Events of default under the credit agreement include failure to perform covenants, material adverse change, change of control and default under other debt aggregating at least $25 million. If an event of default were to occur under the credit agreement, the lenders would be entitled to declare all amounts borrowed under it immediately due and payable. The occurrence of an event of default under the credit agreement could also cause the acceleration of obligations under certain other agreements and the termination of the company's U.S. trade accounts receivable facility, described below.

In addition, the company and certain international subsidiaries have access to uncommitted lines of credit from various banks. Other sources of short-term funding are operational cash flows, including customer prepayments, and the company's U.S. trade accounts receivable facility. Using this facility, the company sells, on an on-going basis, up to $225 million of its eligible U.S. trade accounts receivable through a wholly owned subsidiary, Unisys Funding Corporation I. This facility requires maintenance of certain ratios related to the sold receivables. The company requested and obtained a waiver and amendment of certain of these requirements in the second quarter of 2005. The facility is renewable annually at the purchasers' option and expires in December 2006. At June 30, 2005 and at December 31, 2004, the company had sold $217 million and $225 million of eligible receivables, respectively.

At June 30, 2005, the company has met all covenants and conditions under its various lending and funding agreements. Since the company expects to continue to meet these covenants and conditions, the company believes that it has adequate sources and availability of short-term funding to meet its expected cash requirements.

The company may, from time to time, redeem, tender for, or repurchase its securities in the open market or in privately negotiated transactions depending upon availability, market conditions and other factors.

The company has on file with the Securities and Exchange Commission a registration statement covering $1.2 billion of debt or equity securities, which enables the company to be prepared for future market opportunities.

The company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. SFAS No. 109 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or the entire deferred tax asset will not be realized.

At June 30, 2005, the company had deferred tax assets in excess of deferred tax liabilities of $2,135 million. For the reasons cited below, management determined that it is more likely than not that $1,625 million of such assets will be realized, therefore resulting in a valuation allowance of $510 million.

The company evaluates quarterly the realizability of its deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are the company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. The company has used tax-planning strategies to realize or renew net deferred tax assets to avoid the potential loss of future tax benefits.

In addition to the repatriation provisions discussed above, the Jobs Act extends the excess foreign tax credit carry forward period from five to 10 years and limits the carry back period to one year. The company's deferred tax asset included approximately $183 million of foreign tax credit carry forwards. The Jobs Act should provide the company with additional opportunities to fully utilize this portion of the deferred tax asset.

Approximately $4.9 billion of future taxable income (predominately U.S.) ultimately is needed to realize the net deferred tax assets at June 30, 2005. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. Factors that may affect the company's ability to achieve sufficient forecasted taxable income include, but are not limited to, the following: increased competition, a continuing decline in sales or margins, loss of market share, delays in product availability or technological obsolescence. See "Factors that may affect future results" below.

The company's provision for income taxes and the determination of the resulting deferred tax assets and liabilities involve a significant amount of management judgment and are based on the best information available at the time. The company operates within federal, state and international taxing jurisdictions and is subject to audit in these jurisdictions. These audits can involve complex issues, which may require an extended period of time to resolve.

As a result, the actual income tax liabilities to the jurisdictions with respect to any fiscal year are ultimately determined long after the financial statements have been published. The company maintains reserves for estimated tax exposures. Income tax exposures include potential challenges of research and development credits and intercompany pricing. Exposures are settled primarily through the settlement of audits within these tax jurisdictions, but can also be affected by changes in applicable tax law or other factors, which could cause management of the company to believe a revision of past estimates is appropriate. Management believes that an appropriate liability has been established for estimated exposures; however, actual results may differ materially from these estimates. The liabilities are reviewed quarterly for their adequacy and appropriateness. As of June 30, 2005, the IRS was in the process of examining Unisys U.S. Federal Income tax returns for the fiscal years 1997 through 1999. The company anticipates the examination of these years will be completed in 2005. The company expects that the audit of 2000 through 2003 will commence in 2005. The liabilities, if any, associated with these years will ultimately be resolved when events such as the completion of audits by the taxing jurisdictions occur. To the extent the audits or other events result in a material adjustment to the accrued estimates, the effect would be recognized in the provision for income taxes line in the company's Consolidated Statement of Income in the period of the event.

Stockholders' equity decreased $28.3 million during the six months ended June 30, 2005, principally reflecting the net loss of $72.6 million, offset in part by $22.4 million for issuance of stock under stock option and other plans, $.8 million of tax benefits related to employee stock plans and currency translation of $17.2 million.

Effective April 1, 2005, the company discontinued its Employee Stock Purchase Plan, which enabled employees to purchase shares of the company's common stock through payroll deductions at 85% of the market price at the beginning or end of a calendar quarter, whichever was lower. For the period from January 1, 2005 to April 1, 2005, employees had purchased 1.8 million shares for $12.5 million.

At December 31 of each year, accounting rules require a company to recognize a liability on its balance sheet for each defined benefit pension plan if the fair value of the assets of that pension plan is less than the present value of the pension obligation (the accumulated benefit obligation, or ABO). This liability is called a "minimum pension liability." Concurrently, any existing prepaid pension asset for the pension plan must be removed. These adjustments are recorded as a charge in "accumulated other comprehensive income (loss)" in stockholders' equity. If at any future year-end, the fair value of the pension plan assets exceeds the ABO, the charge to stockholders' equity would be reversed for such plan. Alternatively, if the fair market values of pension plan assets experience further declines or the discount rate is reduced, additional charges to accumulated other comprehensive income (loss) may be required at a future year-end.

At December 31, 2004, the difference between the ABO and the fair value of pension plan assets increased from the amount at December 31, 2003. As a result at December 31, 2004, the company adjusted its minimum pension liability adjustment as follows: increased its pension plan liabilities by approximately $95 million, increased its investments at equity by approximately $27 million relating to the company's share of the change in NUL's minimum pension liability, increased prepaid pension asset by $13 million, and offset these changes by an increase in other comprehensive loss of approximately $55 million, or $39 million net of tax.

This accounting treatment has no effect on the company's net income, liquidity or cash flows. Financial ratios and net worth covenants in the company's credit agreements and debt securities are unaffected by charges or credits to stockholders' equity caused by adjusting a minimum pension liability.

In accordance with regulations governing contributions to U.S. defined benefit pension plans, the company is not required to fund its U.S. qualified defined benefit plan in 2005. The company expects to make cash contributions of approximately $70 million to its other defined benefit pension plans during 2005.

Factors That May Affect Future Results

From time to time, the company provides information containing "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events and include any statement that does not directly relate to any historical or current fact. Words such as "anticipates," "believes," "expects," "intends," "plans," "projects" and similar expressions may identify such forward-looking statements. All forward-looking statements rely on assumptions and are subject to risks, uncertainties and other factors that could cause the company's actual results to differ materially from expectations. Factors that could affect future results include, but are not limited to, those discussed below. Any forward-looking statement speaks only as of the date on which that statement is made. The company assumes no obligation to update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made.

The company's business is affected by changes in general economic and business conditions. The company continues to face a highly competitive business environment and economic weakness in certain geographic regions. In this environment, many organizations continue to delay planned purchases of information technology products and services. If the level of demand for the company's products and services declines in the future, the company's business could be adversely affected. The company's business could also be affected by acts of war, terrorism or natural disasters. Current world tensions could escalate, and this could have unpredictable consequences on the world economy and on the company's business.

The information services and technology markets in which the company operates include a large number of companies vying for customers and market share both domestically and internationally. The company's competitors include consulting and other professional services firms, systems integrators, outsourcing providers, infrastructure services providers, computer hardware manufacturers and software providers. Some of the company's competitors may develop competing products and services that offer better price-performance or that reach the market in advance of the company's offerings. Some competitors also have or may develop greater financial and other resources than the company, with enhanced ability to compete for market share, in some instances through significant economic incentives to secure contracts. Some also may be better able to compete for skilled professionals. Any of these factors could have an adverse effect on the company's business. Future results will depend on the company's ability to mitigate the effects of aggressive competition on revenues, pricing and margins and on the company's ability to attract and retain talented people.

The company operates in a highly volatile industry characterized by rapid technological change, evolving technology standards, short product life cycles and continually changing customer demand patterns. Future success will depend in part on the company's ability to anticipate and respond to these market trends and to design, develop, introduce, deliver or obtain new and innovative products and services on a timely and cost-effective basis. The company may not be successful in anticipating or responding to changes in technology, industry standards or customer preferences, and the market may not demand or accept its services and product offerings. In addition, products and services developed by competitors may make the company's offerings less competitive.

The company's future results will depend in part on its ability to grow outsourcing and infrastructure services. The company's outsourcing contracts are multiyear engagements under which the company takes over management of a client's technology operations, business processes or networks. The company will need to maintain a strong financial position to grow its outsourcing business. In a number of these arrangements, the company hires certain of its clients' employees and may become responsible for the related employee obligations, such as pension and severance commitments. In addition, system development activity on outsourcing contracts may require the company to make significant upfront investments.

Recoverability of outsourcing assets is dependent on various factors, including the timely completion and ultimate cost of the outsourcing solution, realization of expected profitability of existing outsourcing contracts and obtaining additional outsourcing customers. These risks could result in an impairment of a portion of the associated assets, which are tested for recoverability quarterly.

As long-term relationships, outsourcing contracts provide a base of recurring revenue. However, outsourcing contracts are highly complex and can involve the design, development, implementation and operation of new solutions and the transitioning of clients from their existing business processes to the new environment. In the early phases of these contracts, gross margins may be lower than in later years when an integrated solution has been implemented, the duplicate costs of transitioning from the old to the new system have been eliminated and the work force and facilities have been rationalized for efficient operations. Future results will depend on the company's ability to effectively and timely complete these implementations, transitions and rationalizations. Future results will also depend on the company's ability to effectively address its challenging outsourcing operations through negotiations or operationally and to fully recover the associated outsourcing assets.

Future results will also depend in part on the company's ability to drive profitable growth in consulting and systems integration. The company's ability to grow profitably in this business will depend in part on an improvement in economic conditions and a pick-up in demand for systems integration projects.

It will also depend on the success of the actions the company has taken to enhance the skills base and management team in this business and to refocus parts of the business on integrating best-of-breed, standards-based solutions to solve client needs. In addition, profit margins in this business are largely a function of the rates the company is able to charge for services and the chargeability of its professionals. If the company is unable to maintain the rates it charges or appropriate chargeability for its professionals, profit margins will suffer. The rates the company is able to charge for services are affected by a number of factors, including clients' perception of the company's ability to add value through its services; introduction of new services or products by the company or its competitors; pricing policies of competitors; and general economic conditions. Chargeability is also affected by a number of factors, including the company's ability to transition employees from completed projects to new engagements, and its ability to forecast demand for services and thereby maintain an appropriate head count.

Future results will also depend, in part, on market demand for the company's high-end enterprise servers. In its technology business, the company continues to focus its resources on creating and enhancing a common high-performance platform for both its proprietary operating environments and open standards-based operating environments such as Microsoft Windows and Linux. In addition, the company continues to apply its resources to develop value-added software capabilities and optimized solutions for these server platforms which provide competitive differentiation. The high-end enterprise server platforms are based on its Cellular MultiProcessing (CMP) architecture. The company's CMP servers are designed to provide mainframe-class capabilities with compelling price performance by making use of standards-based technologies such as Intel chips and supporting industry standard software. The company has transitioned both its legacy ClearPath servers and its Intel-based ES7000s to the CMP platform. Future results will depend, in part, on customer acceptance of the CMP-based ClearPath Plus systems and the company's ability to maintain its installed base for ClearPath and to develop next-generation ClearPath products that are purchased by the installed base. In addition, future results will depend, in part, on the company's ability to generate new customers and increase sales of the Intel-based ES7000 line. The company believes there is significant growth potential in the developing market for high-end, Intel-based servers running Microsoft and Linux operating system software. However, competition in these new markets is likely to intensify in coming years, and the company's ability to succeed will depend on its ability to compete effectively against enterprise server competitors with more substantial resources and its ability to achieve market acceptance of the ES7000 technology by clients, systems integrators and independent software vendors.

A number of the company's long-term contracts for infrastructure services, outsourcing, help desk and similar services do not provide for minimum transaction volumes. As a result, revenue levels are not guaranteed. In addition, some of these contracts may permit customer termination or may impose other penalties if the company does not meet the performance levels specified in the contracts.

Some of the company's systems integration contracts are fixed-price contracts under which the company assumes the risk for delivery of the contracted services and products at an agreed-upon fixed price. At times the company has experienced problems in performing some of these fixed-price contracts on a profitable basis and has provided periodically for adjustments to the estimated cost to complete them. Future results will depend on the company's ability to perform these services contracts profitably.

The company frequently enters into contracts with governmental entities. Risks and uncertainties associated with these government contracts include the availability of appropriated funds and contractual provisions that allow governmental entities to terminate agreements at their discretion before the end of their terms.

The success of the company's business is dependent on strong, long-term client relationships and on its reputation for responsiveness and quality. As a result, if a client is not satisfied with the company's services or products, its reputation could be damaged and its business adversely affected. In addition, if the company fails to meet its contractual obligations, it could be subject to legal liability, which could adversely affect its business, operating results and financial condition.

The company has commercial relationships with suppliers, channel partners and other parties that have complementary products, services or skills. Future results will depend, in part, on the performance and capabilities of these third parties, on the ability of external suppliers to deliver components at reasonable prices and in a timely manner, and on the financial condition of, and the company's relationship with, distributors and other indirect channel partners.

More than half of the company's total revenue derives from international operations. The risks of doing business internationally include foreign currency exchange rate fluctuations, changes in political or economic conditions, trade protection measures, import or export licensing requirements, multiple and possibly overlapping and conflicting tax laws, new tax legislation, and weaker intellectual property protections in some jurisdictions.

The company cannot be sure that its services and products do not infringe on the intellectual property rights of third parties, and it may have infringement claims asserted against it or against its clients. These claims could cost the company money, prevent it from offering some services or products, or damage its reputation.

Item 4. Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2005. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective for gathering, analyzing and disclosing the information the Company is required to disclose in the reports it files under the Securities Exchange Act of 1934, within the time periods specified in the SEC's rules and forms. Such evaluation did not identify any change in the Company's internal controls over financial reporting that occurred during the quarter ended June 30, 2005 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

(a) The company's 2005 Annual Meeting of Stockholders (the "Annual Meeting") was held on April 21, 2005 in Philadelphia, Pennsylvania.

(b) The following matters were voted upon at the Annual Meeting and received the following votes:

(1) Election of Directors as follows:

J.P. Bolduc - 285,750,808 votes for; 20,869,526 votes withheld

James J. Duderstadt - 288,795,255 votes for; 17,825,079 votes withheld

Matthew J. Espe - 295,448,859 votes for; 11,171,475 votes withheld

Denise K. Fletcher - 295,616,420 votes for; 11,003,914 votes withheld

(2) Ratification of the selection of the company's independent registered public accounting firm for 2005 - 296,473,868 votes for; 7,633,167 votes against; 2,513,299 abstentions.

Item 6. Exhibits

(a) Exhibits

See Exhibit Index

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNISYS CORPORATION

Date: July 22, 2005

By: /s/ Janet Brutschea Haugen

Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Carol S. Sabochick

Carol S. Sabochick
Vice President and
Corporate Controller
(Chief Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Unisys Corporation (incorporated by reference to Exhibit 3.1 to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999
3.2	Bylaws of Unisys Corporation, as amended through April 22, 2004 (incorporated by reference to Exhibit 3 to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004)
12	Statement of Computation of Ratio of Earnings to Fixed Charges
31.1	Certification of Joseph W. McGrath required by Rule 13a-14(a) or Rule 15d-14(a)
31.2	Certification of Janet Brutschea Haugen required by Rule 13a-14(a) or Rule 15d-14(a)
32.1	Certification of Joseph W. McGrath required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	Certification of Janet Brutschea Haugen required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

Exhibit 12

UNISYS CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES (UNAUDITED)
($ in millions)

	Six Months Ended June 30, 2005	Years Ended December 31 2004	2003	2002	2001	2000
Fixed charges						
Interest expense	$ 27.8	$ 69.0	$ 69.6	$ 66.5	$ 70.0	$ 79.8
Interest capitalized during the period	9.1	16.3	14.5	13.9	11.8	11.4
Amortization of debt issuance expenses	1.7	3.5	3.8	2.6	2.7	3.2
Portion of rental expense representative of interest	30.8	61.6	55.2	53.0	53.9	42.2
Total Fixed Charges	69.4	150.4	143.1	136.0	138.4	136.6
Earnings						
Income (loss) from continuing operations before income taxes	(118.1)	(76.0)	380.5	332.8	(73.0)	348.5
Add (deduct) the following:						
Share of loss (income) of associated companies	(10.5)	(14.0)	(16.2)	14.2	(8.6)	(20.5)
Amortization of capitalized interest	6.4	11.7	10.2	8.8	5.4	2.2
Subtotal	(122.2)	(78.3)	374.5	355.8	(76.2)	330.2
Fixed charges per above	69.4	150.4	143.1	136.0	138.4	136.6
Less interest capitalized during the period	(9.1)	(16.3)	(14.5)	(13.9)	(11.8)	(11.4)
Total earnings (loss)	$(61.9)	$ 55.8	$503.1	$477.9	$ 50.4	$455.4
Ratio of earnings to fixed charges	*	*	3.52	3.51	*	3.33

* Earnings for the six months ended June 30, 2005 and for the years ended December 31, 2004 and 2001 were inadequate to cover fixed charges by $131.3 million, $94.6 million and $88.0 million, respectively.

Exhibit 31.1

CERTIFICATION

I, Joseph W. McGrath, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Unisys Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 22, 2005

/s/ Joseph W. McGrath

Name: Joseph W. McGrath
Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Janet Brutschea Haugen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Unisys Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 22, 2005

/s/ Janet Brutschea Haugen

Name: Janet Brutschea Haugen
Title: Senior Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PERIODIC REPORT

I, Joseph W. McGrath, President and Chief Executive Officer of Unisys Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2005 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 22, 2005

/s/ Joseph W. McGrath
- ------------------------
Joseph W. McGrath
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF PERIODIC REPORT

I, Janet Brutschea Haugen, Senior Vice President and Chief Financial Officer of Unisys Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2005 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 22, 2005

/s/ Janet Brutschea Haugen
- ------------------------
Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.